

Exploring Ethical and Emotional Dimensions of Customer Value in Financial Services through Employee-Customer Dynamics

By Hanen Charni¹, Nadia Yusuf², Manzar Ahmed³,

ABSTRACT:

This study focuses on exploring the ethical and emotional dimensions of customer perceived value (CPV) in financial services. This area is crucial to understanding customer dynamics within the finances sector, yet it remains underexplored in existing literature. Utilizing a quantitative analysis of 652 customer surveys from Canadian financial institutions, this research employs SmartPLS3 for structural equation modeling to ascertain the impacts of frontline employee job satisfaction on customer's ethical and emotional perceptions as well as their overall CPV. The data analysis reveals that customer-perceived employee job satisfaction positively affects CPV by significantly influencing ethical and emotional benefits. Although ethical benefits alone do not directly impact loyalty or word-of-mouth (WOM) recommendations, their influence is significant when mediated through CPV, with emotional benefits directly amplifying WOM and indirectly boosting loyalty. Correspondingly, the results highlight the importance of employee-centric policies and their direct correlation to customer loyalty and satisfaction. As such, this study contributes to the body of knowledge by linking employee satisfaction with ethical and emotional customer benefits, suggesting a reevaluation of business practices to integrate these dimensions for enhanced customer value creation. Future research is encouraged to explore these dynamics across varied contexts to expound upon these relationships' applicability and robustness. Our inquiry into the subject concludes by highlighting the strategic importance of fostering employee satisfaction when seeking to elevate CPV and achieve enduring customer loyalty.

Keywords: Customer Perceived Value, Customer Loyalty, Employee-Customer Interactions, Employee Satisfaction, Financial Services

1. Introduction

The financial services sector is currently undergoing major transformations in response to evolving economic, political, social, and environmental conditions. Under such dynamic circumstances, it is essential to understand how customers perceive value in their interactions with financial institutions. As the market continues to shift, both scholars and business professionals are recognizing the growing significance of the ethical and emotional dimensions in these interactions. Addressing these aspects is crucial to building strong, lasting relationships between customers and financial service providers.

¹Assistant Professor, Marketing, entrepreneurship and strategy department, Effat university, Saudi Arabia

²Professor, Economics, faculty of economics and administration, King Abdulaziz university, Saudi Arabia

³Assistant Professor, Marketing, entrepreneurship and strategy department, Effat university, Saudi Arabia

In recent years, increasing attention has focused on the ethical and emotional dimensions of marketing, which play a critical role in shaping customer perceptions and experiences (Salmones & Pérez, 2017; Gallarza *et al.*, 2017; Berraies *et al.*, 2017; Medberg & Heinonen, 2014; Sánchez-Fernández & Iniesta-Bonillo, 2007). This is particularly evident in the service sector, where a relationship-based approach has long been central, emphasizing the cultivation of strong, mutually beneficial interactions between employees and customers (Gummesson, 2017; Medberg & Heinonen, 2014; Khalifa, 2004). Consequently, traditional models of service evaluation should be reconsidered to align with these shifting trends, underscoring the importance of hedonic and altruistic factors in shaping customer perceptions and attitudes (Sánchez-Fernández and Iniesta-Bonillo, 2007). Whereas researchers increasingly explore dimensions of customer perceived value beyond the simplistic price-quality trade-off, it is important to account for intangible aspects such as relational, social, emotional, and ethical benefits.

The link between employee attitudes and customer evaluations of service is increasingly investigated, especially within the framework of the service-profit chain (SPC) (Leroi-Werelds, 2019; Sánchez-Fernández *et al.*, 2009). However, emotional and ethical benefits are among the least explored dimensions in financial sector studies (Medberg & Heinonen, 2014). As such, recent recommendations advocate for a more comprehensive exploration of these dimensions, with a particular attention being placed on the emotional aspects arising from customer-employee interactions (Heskett *et al.*, 1994; Hogreve *et al.*, 2017; Pérez & Rodríguez, 2014). Considering that customers are becoming more sensitive to the ethical considerations of their consumption choices, a deeper understanding of these altruistic components becomes necessary for advancing service marketing theory (Sánchez-Fernández & Iniesta-Bonillo, 2007).

Despite recognition of ethical and emotional benefits in other sectors, research focusing on these dimensions from the customer's perspective in the financial services industry is lacking. Accordingly, our study aims to address this gap by examining the impact of customer perceptions of frontline employee job satisfaction on ethical and emotional benefits, and how these shape overall CPV, customer loyalty, and word-of-mouth (WOM). More particularly, it is essential to develop a deeper understanding of the facets of emotional and ethical benefits that arise when customers interact with satisfied employees. In this context, the anticipated results could contribute to the literature by highlighting the interplay between employee satisfaction and customer evaluations in the studied sector. The paper opens with the brief coverage of the problem, followed by a detailed literature review, methodology, results, discussion, and concluding with key takeaways for future research.

2. Literature Review

2.1 Customer perceived value

To understand the intricate dynamics of value creation in the financial sector, it is essential to first explore the concept of customer perceived value. This serves as the foundation upon which other dimensions such as ethical and emotional benefits build. The importance of creating value for customers is unanimous among researchers, who see this concept as a major asset for success and standing out in today's turbulent and hyper-

competitive environment. The concept is at the heart of the definition of business models, and is the cornerstone of any strategy aiming to gain and maintain a competitive advantage. Initially, CPV was defined by Zeithaml (1988) as a trade-off between benefits and costs, encapsulating the idea of what is received versus what is given. Over the last 30 years, researchers have focused on developing a deeper understanding of customer value and its characteristics. Although different by their formulations, recent definitions of CPV tend to be increasingly richer and more comprehensive (e.g.: Lapierre, 2000; Chen & Dubinsky, 2003, Smith & Colgate, 2007; Sánchez-Fernández & Iniesta-Bonillo, 2007; Roig et al., 2013; Leroi-Werelds, 2019) shading more lights on the experiential, contextual, dynamic and subjective nature of value that goes beyond mere value in purchase to include value in use and even disposal (Leroi -Werelds, 2019). As marketing literature advances, CPV is increasingly recognized as a major predictor of essential performance outcomes, such as customer satisfaction, word-of-mouth, and loyalty or repurchase intentions (Leroi-Werelds et al., 2014). This multidimensional understanding of CPV acknowledges not only the economic exchange but also the relational and hedonic elements that contribute to a customer's overall perception of value. While CPV provides a comprehensive framework for evaluating customer satisfaction, it is equally important to delve into its individual components. Among these, ethical and emotional benefits are particularly significant in shaping customer perceptions, especially in service industries.

2.2 Ethical and emotional benefits

Ethical and emotional benefits are increasingly recognized as essential components of customer perceived value in the financial services sector. Analyzing different models and typologies of CPV reveals various categories of value, including functional, relational, social, emotional, epistemic, and ethical benefits, as well as costs and sacrifices (Sweeney & Soutar, 2001; Sánchez Fernández et al., 2009; Ponnam & Paul, 2017; Gallarza et al., 2017). Among these dimensions, ethical and emotional ones have been the least addressed in the banking sector (Medberg & Heinonen, 2014; Varshneya & Das, 2017). As for the ethical benefits, one of the first typologies of value to integrate them is that of Holbrook (1999) under the category of ethical and spiritual benefits. More recent literature indicates an increased interest in these hedonic aspects in the financial services evaluation (Roig et al., 2013; Medberg & Heinonen, 2014; Gallarza et al., 2017).

The major characteristic distinguishing the ethical benefits from other facets of CPV is that they are situated outside the ordinary cycle of market exchanges, often impregnated with utility and opportunism (Sánchez-Fernández et al., 2009). Varshneya & Das (2017) described ethical value as other-oriented value (as opposite to self-oriented value). In today's environment, customers have become much more sensitive to the ethical aspects of the consumer experience and consider their acts of consumption as positions taken in relation to ethical, social and moral considerations. It, hence, becomes crucial to understand the role of these altruistic components in customer perceptions of value (Sánchez-Fernández & Iniesta-Bonillo, 2007). Recently, Leroi-Werelds (2019) has suggested a reformulation of the ethical benefits into "ecological" benefits including the positive impact on the environment and societal benefits referring to different CSR initiatives including fairness towards employees.

From another standpoint, emotional benefits are defined as the capacity to stimulate positive feelings or affective states, such as comfort, security, excitement, romance, or passion (Sheth *et al.*, 1991). The ability of a product or service to evoke or alter clients' emotional states plays a critical role in shaping the overall customer experience (Lin *et al.*, 2005). Leroi-Werelds (2019) further refines this dimension, describing it as the enjoyment resulting in fun and pleasure. Recent literature emphasizes the importance of investigating the interaction between various dimensions of value, particularly the potential relationship between ethical and emotional benefits. In this regard, the study suggests a positive relationship between emotional benefits and ethical benefits in the sense that ethical benefits resulting from a positive perception of the CSR efforts could contribute to the arouse of positive emotions during the service experience. Salmones and Pérez (2017) have already demonstrated that altruistic motivations lead to more positive reaction of the customers. They also reiterate that altruistic motivations as related to CSR initiatives could generate positive feeling and reduce negative ones.

In a service context, emotional and ethical benefits are mostly perceived during the encounter and the post-encounter stages, which are considered critical in developing customer attitudes and behavior towards the service provider. Consequently, these two hedonic dimensions could be considered as important predictors of customer loyalty and word-of-mouth (Gallarza *et al.*, 2015). However, we need to be cautious as this impact might also be indirect as ethical and emotional benefits might exert an indirect influence on loyalty and WOM through CPV. Ethical benefits, which refer to the perceived fairness, honesty, and integrity exhibited by frontline employees and the financial institution as a whole, can significantly shape customers' overall evaluation of the service value (Palmatier *et al.*, 2006). This, in turn, may trigger a series of psychological and behavioral responses that ultimately contribute to loyalty and WOM.

Finally, the positive impact of CPV on loyalty and WOM is widely accepted in the literature as demonstrated for example by Leroi-Werelds *et al.* (2014) or Gallarza *et al.* (2016). Despite the growing recognition of these dimensions, there remains a lack of empirical evidence exploring their interaction within financial services. The present study seeks to bridge this gap by suggesting the investigation of the following hypotheses:

- H1: Ethical benefits have a positive impact on CPV
- H2: Ethical benefits have a positive impact on WOM
- H3: Ethical benefits have a positive impact on loyalty
- H4: Emotional benefits have a positive impact on CPV
- H5: Ethical benefits have a positive impact on emotional benefits
- H6: Emotional benefits have a positive impact on loyalty
- H7: Emotional benefits have a positive impact on WOM
- H8: CPV has a positive impact on loyalty
- H9: CPV has a positive impact on WOM

The realization of ethical and emotional benefits within customer interactions heavily depends on the frontline employees. Therefore, examining the role of job satisfaction among these employees is crucial to understanding how ethical and emotional factors influence overall customer value.

2.3 Job satisfaction

The key role of frontline employees in delivering outstanding services is widely advocated by researchers and practitioners. Employees who play a boundary-spanning role are indeed considered as part-time marketers (Grönroos, 2017) who have the ability to shape and influence customer evaluation of the service experience through the attitudes and behaviors that emerge during the service encounter. Employee job satisfaction is one of the dominant variables to be considered in studies that attempt to explore the relationship between employees' attitudes and customers' evaluations (Hur et al., 2015; Snipes et al., 2005). It is defined as the positive and pleasant emotional state that results from the employee evaluation of various job facets (Ramaswami & Singh, 2003; Locke, 1976). Research in this field frequently adopts a performance-based approach, linking employee satisfaction to customer outcomes such as perceived service quality and value. For example, several studies have explored the relationship between employee satisfaction and customer perceptions across different industries (Hartline & Ferrell, 1996; Dolen et al., 2002; Yoon et al., 2001; Vilares & Coelho, 2003; Yoon et al., 2004; Snipes et al., 2005; Gil et al., 2007). Many of these studies measure employee satisfaction from the perspective of the employees themselves and compare it with customer outcomes, such as satisfaction and loyalty, as perceived by the customers.

However, while some studies have already explored the impact of employee perception of customer delight on employee satisfaction (Barnes et al., 2015), few have attempted to study the relationship in the opposite direction (i.e. customer perception of employee satisfaction and its impact on various customer outcomes). Today, it becomes also important to consider this issue from a behavioral approach that sheds more light on the emotions and personal interactions that emerge during the service encounter by drawing on the theory of emotional contagion (Hogreve et al., 2017; Medberg & Heinonen, 2014). Indeed, the more customers perceive employees as being satisfied with their work, the more their perception of quality and their satisfaction will be important (Hur et al., 2015). Hence, the following hypothesis could be suggested:

H10: Job satisfaction as perceived by customers has a positive impact on CPV

Furthermore, Pérez and Rodríguez (2014) have suggested that the ethical benefits derive from the organization policies and practices, not only towards the environment and the society but also towards its stakeholders, namely the employees. In fact, they have demonstrated in their study of a commercial bank that customers' expectations in terms of employee-oriented CSR (i.e.: fair salaries, safety, fair treatment, training and career development) are high. Customers can "spot" these initiatives during the service encounter through personal interaction with employees (Gounaris & Boukis, 2013; Hartline & Ferrell, 1996). This direct contact, even of short duration, allows customers to develop a perception of the attitudes and behaviors of frontline employees such as job satisfaction. As Valentine et al. (2011) suggest, when customers perceive that employees are satisfied with their jobs it is a sign among other of high corporate ethical value. In particular, employees who are well treated at work are happy employees and therefore reflect ethical and socially responsible practices on the part of their employer. This results in increased perceived ethical benefits for ethically sensitive clients (Pérez & Rodríguez, 2014).

Moreover, emotional contagion combined with increasing levels of altruism implies that during a service encounter, the customer perception of the frontline employee positive attitude toward his job could generate positive emotions. Recently, Salmones and Pérez (2017) have stressed the importance of examining the emotional responses of customer towards the CSR efforts including those directed towards the employees, as this will help to better understand the nature of their attitude towards the service experience. Similarly, the recommendations advanced by Hogreve *et al.*, (2017) in a meta-analysis of the service-profit chain, emphasizes the importance of considering the affective and emotional aspects (versus cognitive aspects) of the processes linking employees and customers in the chain.

Hence, the following two hypotheses are also added:

H11: Job satisfaction (as perceived by customers) has a positive impact on ethical benefits.

H12: Job satisfaction (as perceived by customers) has a positive impact on emotional benefits.

The following conceptual model emerges from the outlined discussion:

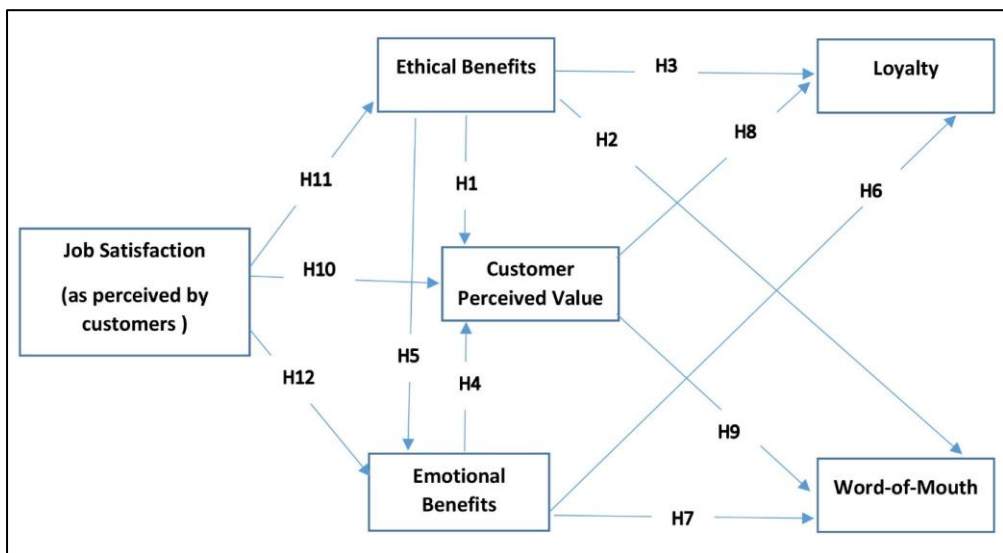


Figure 1: The conceptual model

3. Methods

This study is adopting a quantitative approach and is conducted in the banking sector. All data analysis and hypothesis testing were performed using SmartPLS3.

3.1 Data collection

An online survey was deemed appropriate to collect relevant information from customers of Canadian financial institutions. Two pre-tests were conducted before the

final version is administered through a Canadian marketing research firm. To take part in the study, respondents had to be adults who hold an active bank account. A total of 652 completed and usable questionnaires were collected. The sample comprised of 54.8% women and 45.1% men. The average age is 48 years old. For 52.5% of respondents, income is between \$ 25,000 and \$ 50,000. On average, respondents visit their bank branch 3-4 times per month.

3.2 Measurement

Inspired by previous research (Lin et al., 2005; Ruiz et al., 2008), the CPV was measured using a one-dimensional and reflective scale composed of two items (Gallarza et al., 2016). To measure the ethical benefits, an adaptation of the scale of Sánchez-Fernández et al. (2009) was used (3 items). Emotional benefits were measured using the Sweeney and Soutar (2001) and Sánchez-Fernández, Iniesta-Bonillo and Holbrook (2009) scale with 3 items. The Ramaswami and Singh (2003) scale of job satisfaction was reformulated and reduced to 3 items to reflect customer perceptions of this concept usually measured from the perception of employees. To measure loyalty and word of mouth, the scales of Bergeron et al. (2003) (3 items) and Gremler and Gwinner (2000) (2 items) were respectively used. All items were measured on a 7-point Likert scale where 1 = strongly disagree and 7 = strongly agree.

4. Results

Table 1 demonstrates that the reliability indices (alphas Cronbach and reliability indices) are all greater than 0.70, as recommended by Nunnally (1978). In addition, convergent validity is confirmed since all factors loadings are greater than 0.70 and average variance extracted (AVE) greater than 0.50 (Fornell & Larcker, 1981). Squared correlation between each pair of constructs is greater than the AVE per construct confirming discriminant validity. The recent literature on PLS (partial least square) is suggesting SRMR and NFI as fit indices to be used when testing structural models (Ringle et al., 2015). The fit indices of the proposed structural model are all satisfactory with SRMR=0.025 (<0.08) and NFI=0.965 (>0.9).

Table 2 presents a summary of the hypotheses testing results. It shows the standardized results (direct, indirect and total) for the model parameters. Hypothesis H1 is supported indicating an effective strong impact of ethical benefits on CPV. However, H2 and H3 were not supported indicating the absence of a direct impact of ethical benefits on both WOM and loyalty. However, it is also important to analyze the indirect and total effects before completely rejecting these two hypotheses. In fact, the results show a significant indirect impact of ethical benefits on WOM and loyalty through CPV resulting in total significant impacts (0.615/11.947 and 0.504/10.797 respectively for loyalty and WOM). Hence H2 and H3 are partially accepted.

H4 and H7 are both supported indicating that emotional benefits positively impact CPV and WOM. However, emotions do not affect directly loyalty but again H6 could be partially accepted as the analysis of the indirect and total effects indicate a significant impact of emotional benefits on loyalty mediated by CPV (0.212/1.973). Interestingly, H5 is strongly supported demonstrating an important and significant impact

of ethical benefits on emotional benefits. As expected, H8 and H9 are supported indicating that CPV is an important predictor of loyalty and WOM. Lastly, H10, H11 and H12 are all confirmed indicating the significant impact of the job satisfaction as perceived by the customer on ethical benefits, emotional benefits as well as on CPV. All these results will be thoroughly analyzed in the next discussion section.

Table 1: Psychometrics properties of measures

Items	Loading	Cronbach's Alpha	Composite Reliability	AVE
Emotional benefit		0.904	0.904	0.759
I feel really good when I visit this financial institution	0.900			
I really enjoy going to this financial institution	0.876			
I feel completely at ease when I visit this financial institution	0.837			
Ethical benefits (ETHIC)		0.951	0.951	0.866
Being a customer of this financial institution is in perfect keeping with my moral and ethical values	0.939			
The practices of this financial institution respecting customers, employees and society in general are entirely consistent with my moral and ethical values	0.925			
I highly appreciate the moral and ethical focus of this financial institution	0.928			
Customer perceived value (CPV)		0.925	0.925	0.861
Overall, considering all the monetary and non-monetary costs (e.g. time), I think the service offered by this financial institution is worth it	0.947			
Comparing the benefits offered to the different costs I endure, I think this financial institution offers excellent value services	0.908			
Word-of-Mouth (WOM)		0.950	0.950	0.864
I frequently encourage my friends and relatives to do business with this financial institution	0.897			

I recommend this financial institution whenever someone asks me for advice	0.948			
When I attend discussions about financial institutions, I always recommend this institution	0.943			
Loyalty (LOY)			0.907	0.829
I intend to continue doing business with this financial institution for several more years	0.888	0.906		
As long as this financial institution offers the same level of service, I will not switch to another institution	0.932			
Job satisfaction		0.942	0.942	0.843
Employees appear to be very satisfied in their jobs with this financial institution	0.907			
The employees of this financial institution are very passionate about their work	0.906			
The employees really seem to like their work with this financial institution	0.942			

Table 2: Path coefficients (direct, indirect and total)

	Coefficient	t-statistics	Results
H1: ETHIC -> CPV	0.444	4.239	Supported
H2: ETHIC -> WOM	-0.058	0.572	Indirect effect supported
Indirect effects	0.561	6.657	
Total effects	0.504	10.797	
H3: ETHIC -> LOY	0.130	1.454	Indirect effect supported
Indirect effects	0.485	5.961	
Total effects	0.615	11.947	
H4: EMOT -> CPV	0.225	2.065	Supported
H5: ETHIC -> EMOT	0.749	18.353	Supported

H6: EMOT -> LOY	0.046	0.548	Indirect effect supported
Indirect effects	0.166	2.034	
Total effects	0.212	1.973	
H7: EMOT -> WOM	0.320	3.544	Supported
H8: CPV -> LOY	0.735	11.786	Supported
H9: CPV -> WOM	0.524	8.497	Supported
H10: JS -> CPV	0.195	3.383	Supported
H11: JS -> ETHIC	0.663	20.871	Supported
H12: JS -> EMOT	0.185	4.187	Supported
Notes: The critical values are *1.96 ($p = 0.05$) and **2.57 ($p = 0.01$) for a two-tailed test; *0.98 ($p = 0.05$) for a one-tailed test			

5. Discussion

The suggested model explains 76% of variance in loyalty, 55% in WOM and 63% in CPV. These findings confirm the importance of ethical and emotional value in predicting key customer outcomes in the financial services context. Indeed, one of the objectives of this research was to prove that when customers perceive that employees are satisfied with their work this translates into unique sources of emotional and ethical benefits. This research also indicates that this type of benefit is a major determinant of CPV as well as of the key outcome variables of loyalty and WOM.

As expected, the results affirm that customer perceptions of satisfied employees help generate ethical benefits and emotional benefits. This contribution is clearly more important for the ethical than for the emotional benefits. This is because employee satisfaction is an indicator of ethical and responsible practices on the part of management towards this group of stakeholders. Moreover, as Pérez and Rodríguez (2014) demonstrated in the banking sector, customers who are driven by altruistic motivation have expectations of employee-oriented CSR and they consider it as important as the customer-oriented and the community-oriented CSR initiatives. The results also confirm that customers' perception of employee job satisfaction has a positive impact on CPV (direct effect) and suggest that this impact occurs largely through perceptions of ethical and emotional benefits (indirect effect). This is what Medbergh and Heinonen (2014) refer to as hidden sources of value. Furthermore, this result is in line with the results of Hogreve *et al.*, (2017) as they were able to highlight the contribution of affective and emotional aspects to develop a better understanding of the processes linking employees to customers at the heart of SPC.

Based on these findings, it becomes crucial for financial institutions to effectively communicate their internal employee-focused policies to customers in order to foster their

perception of ethical benefits. One strategy could be to highlight employee training programs, wellness initiatives, work-life balance and recognition programs through marketing materials, social media, and customer newsletters. Financial institutions can also showcase stories of employee achievements and satisfaction on their websites or in branch displays, emphasizing how these policies lead to better service experiences. This transparency fosters a perception of ethical practices, as customers become aware of the organization's efforts to create a positive work environment. Additionally, providing opportunities for customers to interact with satisfied employees, such as through video testimonials or direct engagement during service encounters, can reinforce the perception of an ethical and emotionally supportive environment

As for the contribution of ethical benefits and emotional benefits to perceived value, the results of this study corroborate those of previous research. For instance, Roig et al. (2013) have demonstrated that emotional value is a key dimension of CPV in the banking sector. The findings of this study are also consistent with the call of Medberg and Heinonen (2014) suggesting that research on CPV should be extended beyond value creation during the interaction or the exchanges that are mostly related to service processes, to a broader conceptualization that include the customer domain. This perspective claims that “value is formed for customers in their own context through invisible and mental actions” (p. 594).

This study is also among the firsts to examine the interaction between two dimensions of value (ethical benefits and emotional benefits). The results demonstrate a strong and significant effect of ethical benefits on emotional benefits supporting a more pronounced impact of ethical benefits in the financial services sector. This result is consistent with the findings of Salmones and Pérez (2017) who suggest that altruistic motivations, as related to ethics and CSR lead to positive feelings including interest, affection, sympathy and reduce negative feelings. Moreover, Leroi-Werelds (2019) recommended that a better understanding of the complexity of the concept of perceived value, requires an examination of the inter-variable relationships (interactions between the different dimensions of value). This interaction is highly relevant since it allows us to understand the mechanisms by which ethical benefits act on customer evaluations and perceptions including perceived value, satisfaction or loyalty. Indeed, it has often been difficult for studies that have explored the contribution of ethical benefits to perceived value or to other customer outcomes, to prove a strong, isolated and significant impact, despite theoretical support (Gallarza et al., 2016).

The results of this study reveal key insights into the relationship between emotional benefits, CPV, WOM, and loyalty within the financial sector. Findings indicate that when clients of a financial institution experience positive emotions, they show a stronger commitment to spreading positive word-of-mouth (direct impact). Although the study did not find a direct influence of emotional benefits on loyalty, an indirect impact was observed through CPV, suggesting that customers' perceived value serves as an intermediary in translating emotional experiences into loyalty. This aligns with the findings of Roig et al. (2009), who noted that, in the banking sector, the impact of emotional value on loyalty is as significant as the impact of functional and social value. These results reinforce the notion that emotions are central to the customer experience, advocating for financial institutions to prioritize emotional engagement in their service strategies.

Similarly, the analysis of ethical benefits reveals a more complex relationship. While the study did not confirm a direct impact of ethical benefits on loyalty and WOM, there is a significant indirect effect mediated through emotions and CPV. The finding suggests that ethical considerations constitute a major component of customer attitudes and behaviors by generating positive emotional responses, ultimately enhancing their perceived value. In this context, as ethical benefits indirectly influence customer loyalty and WOM, it emphasizes the importance of fostering a reputation for ethical practices.

This analysis suggests that while customers may not immediately associate ethical and emotional benefits with loyalty and WOM, these benefits significantly shape their perception of overall value, which in turn drives their loyalty behavior. Customers who perceive ethical behavior in their interactions with frontline employees are more likely to believe that the institution has their best interests at heart. This belief enhances CPV by adding an ethical dimension that goes beyond mere transactional or functional value, thereby making customers feel that they are dealing with an organization that respects and values them. Simultaneously, emotional benefits, which involve feelings of comfort, appreciation, security, or empathy during service interactions, contribute to CPV by fulfilling customers' psychological and emotional needs (Sweeney & Soutar, 2001). Positive emotional experiences create a sense of attachment and connection, encouraging customers to perceive their relationship with the financial institution as valuable and rewarding. Consequently, customers are more likely to remain committed to the institution and recommend it to others.

Moreover, customers who perceive strong ethical and emotional benefits often develop a motivation to engage in positive WOM, as they feel that their association with the financial institution reflects positively on their own values and experiences. This indirect pathway suggests that the role of ethical and emotional benefits in driving loyalty and WOM is mediated by CPV, making CPV a critical element in understanding how these benefits translate into behavioral outcomes.

Finally, consistent with the results of previous studies, CPV has a significant and important direct impact on loyalty and WOM. The significant positive relationship between CPV and these key outcomes aligns with the results of Leroi-Werelds (2014) in the banking sector, as well as those of Roig *et al.* (2009), who described the influence of CPV on customer loyalty intentions. With our findings strongly pointing to the central role of CPV in the customer decision-making process, financial institutions seeking to enhance customer loyalty and generate positive WOM are recommended to focus on strategies that boost overall perceived value.

5.2 Theoretical implications

The study enriches the theoretical corpus of key concepts and theories in the service context. First, unlike the majority of marketing studies that include the concept of job satisfaction from the perspective and perception of employees, this study considered this key concept from the perspective and perception of customers. Secondly, as claimed by some researchers (Willems *et al.*, 2016), this study is dedicated to analyzing the importance of the ethical and emotional dimensions of value in the financial services sector and their importance in the customers' evaluations. The in-depth analysis of these hedonic dimensions has allowed us to better understand their contribution and role in the various

employee-client interactions within the SPC. Additionally, as recommended by Willems et al. (2016), this study examined the linkages between some specific value types and key customer outcomes (loyalty and WOM) rather than considering only the holistic impact of CPV. This research is innovative since it has considered the interaction between certain dimensions of perceived value (emotional and ethical). Thus, as recommended by Leroi-Werelds (2019), the dimensions or components of value are not necessarily independent. Indeed, considering the important impact of ethical benefits on emotional benefits is a key relationship that has helped in understanding the mechanisms by which ethical aspects influence customers' attitudes and behaviors.

5.2 Managerial contributions

Study findings provide the formulation of important recommendations. First, the results confirm the key role of customer perceptions of ethical practices in the financial sector. In fact, as suggested by Pérez and Rodriguez (2014), customer expectations in terms of CSR are crucial in the development of certain attitudes and behaviors. Their research has shown that customers have expectations from organizations to adopt ethical practices towards employees. These practices may include fair salaries, fair treatment, pleasant work environment, flexibility and support in solving social issues. The job satisfaction resulting from such practices will then emerge during the employee-client service interactions. Managers have long considered the practices towards their employees as invisible to the customers. However, increasingly, researchers believe that ethical initiatives towards the employees could lead to positive attitudinal and behavioral outcomes among customers (Pérez & Rodriguez, 2014). Our research goes further by uncovering the underlying mechanisms of such interaction where ethical and emotional benefits play a major role. It therefore becomes crucial for financial institutions managers to recognize the importance of the emotional benefits as the sentimental feelings generated during and beyond the service experience. These dimensions complement the cognitive ones and appear to have a high potential to prevent customers from switching banks (Medbergh & Heinonen, 2014). This is particularly relevant to the current context where competition is intensified and economic and social crises are challenging the sustainability of banks. When managers analyze value following a holistic approach, they could either overemphasize or underappreciate the role of some specific value types. Conversely, assessing the impact of each type of value on customers' outcomes separately (Willems et al., 2016) would result in more targeted and efficient strategies, actions and investments.

5.3 Limitations and Future Research

This study provides important insights into the importance of emotions and ethics for consumers' evaluation of financial services, but does reveal some limitations which pave the way for future research. First, the scope of this study was limited to a sample of customers from Canadian financial institutions. It is highly recommended to expand the study to diversified sample across different countries allowing for a cross-cultural comparison that could enhance understanding of varying perceptions. This is particularly relevant in the context of ethical and emotional benefits, as cultural norms and values can significantly shape how customers interpret and respond to these factors. For example, in some cultures, ethical behavior might be viewed as a baseline expectation, while in others,

it could be a key differentiator that enhances customer loyalty. Furthermore, emotional expressions and the importance placed on relationship-building can vary widely across cultures, influencing how customers perceive the emotional benefits of service interactions. Understanding these cultural differences may provide valuable insights for financial institutions aiming to tailor their marketing strategies and improve customer loyalty across diverse markets.

Another promising avenue for research would be a cross-generational study comparing the sensitivity of different generations X, Y, and Z to the dimensions and relationships investigated. Such a study could uncover whether younger or older generations place different values on ethical and emotional factors, particularly as trends in ethical consumption continue to grow. Understanding these generational shifts in perceptions of financial services may provide valuable insights for tailoring marketing strategies and improving customer loyalty.

Additionally, it is important to include situational variables that could moderate the relationships between ethical and emotional benefits and customer perceived value (CPV), loyalty, and WOM. Incorporating control variables such as the level of customer involvement in financial decisions, the duration of the interaction or service encounter, and customer altruism would further enrich the analysis. For instance, highly involved customers may be more critical in their evaluations of ethical and emotional benefits, while longer service encounters may provide more opportunities for customers to experience and evaluate these dimensions. Finally, future research could also include the cost dimension in the model in order to investigate how the perception of high ethical and emotional benefits could moderate the customer perception of the endured costs.

6. Conclusion

This study entailed a comprehensive examination of the ethical and emotional dimensions of customer perceived value within the financial services sector by specifically focusing on the critical role of customer perceptions of frontline employee satisfaction. With the help of a quantitative analysis, the research demonstrated that these perceptions significantly influence the ethical and emotional benefits, as customers form their overall evaluation of the service experience. In this context, the results are indicative of the integral role played by employee-oriented policies, because satisfied employees not only enhance operational performance but also contribute to the creation of a more emotionally appealing and ethically driven customer experience. Through a targeted exploration of this often-overlooked connection between employee satisfaction and customer outcomes, our study expands the academic understanding of value creation in service industries. In turn, financial institutions are strongly recommended to consider both functional and intangible aspects of customer service when exploring avenues for improvement. As the research points to the need for a holistic approach to customer relationship management, the integration of emotional and ethical dimensions alongside traditional service metrics offers an opportunity to foster loyalty and long-term success in an increasingly competitive environment.

References

- Barnes, D., Ponder, N. and Hopkins, C. 2015. The impact of perceived customer delight on the frontline employee. *Journal of Business Research* 68 (2): 433-441. DOI: <https://doi.org/10.1016/j.jbusres.2014.06.005>
- Bergeron, J., Ricard, L. and Perrien, J. 2003. Les déterminants de la fidélité des clients commerciaux dans l'industrie bancaire canadienne. *Canadian Journal of Administrative Sciences / Revue Canadienne des Sciences de l'Administration* 20:107 - 120. <https://doi.org/10.1111/j.1936-4490.2003.tb00697.x>
- Berraies, S., Ben Yahia, K. and Hannachi, M. 2017. Identifying the effects of perceived values of mobile banking applications on customers. *International Journal of Bank Marketing* 35 (6): 1018-1038. DOI: <https://doi.org/10.1108/IJBM-09-2016-0137>
- Chen, Z. and Dubinsky, A.J. 2003. A Conceptual Model of Perceived Customer Value in E-Commerce: A Preliminary Investigation. *Psychology & Marketing* 20 (4): 323-347. DOI: <https://doi.org/10.1002/mar.10076>
- Dolen, W., Lemmink, J., de ruyter, k and Jong, A. 2002. Customer-Sales Employee Encounters: A Dyadic Perspective. *Journal of Retailing* 78 (4): 265-279. DOI: [https://doi.org/10.1016/S0022-4359\(02\)00067-2](https://doi.org/10.1016/S0022-4359(02)00067-2)
- Fornell, C. and Larcker, D. F. 1981. Evaluating Structural Equation Models with Unobservable Variables and Measurement Error. *Journal of Marketing Research* 18 (1): 39-50. DOI: <https://doi.org/10.1177/002224378101800104>
- Gallarza, M., Arteaga, F., Del Chiappa, G., Gil-Saura, I. and Holbrook, M. 2017. A multidimensional service-value scale based on Holbrook's typology of customer value. *Journal of Service Management* 28 (4): 724-762. DOI: <https://doi.org/10.1108/JOSM-06-2016-0166>
- Gallarza, M., Arteaga-Moreno, F., Del Chiappa, G. and Gil-Saura, I. 2016. Intrinsic value dimensions and the value-satisfaction-loyalty chain: a causal model for services. *Journal of Services Marketing* 30 (2): 165-185. DOI: <https://doi.org/10.1108/JSM-07-2014-0241>
- Gallarza, M.G., Arteaga, F., Del Chiappa, G. and Gil-Saura, I. 2015. Value dimensions in consumers' experience: combining the intra- and inter-variable approaches in the hospitality sector. *International Journal of Hospitality Management* 47: 140-150. DOI: <https://doi.org/10.1016/j.ijhm.2015.03.007>
- Gil, I., Berenguer, G. and Cervera, A. 2007. The roles of service encounters, service value, and job satisfaction in achieving customer satisfaction in business relationships. *Industrial Marketing Management* 37 (8): 921-939. DOI: <https://doi.org/10.1016/j.indmarman.2007.06.008>
- Gounaris, S. and Boukis, A. 2013. The role of employee job satisfaction in strengthening customer repurchase intentions. *Journal of Services Marketing* 27 (4): 322-333. DOI: <https://doi.org/10.1108/08876041311330799>
- Gremler, D. D., & Gwinner, K. P. (2000). Customer-Employee Rapport in Service Relationships. *Journal of Service Research*, 3(1), 82-104. DOI: <https://doi.org/10.1177/109467050031006>
- Grönroos, C. 2017. On Value and Value Creation in Service: A Management Perspective. *Journal of Creating Value* 3 (2): 125-141. DOI: <https://doi.org/10.1177/2394964317727196>
- Gummesson, E. 2017. From relationship marketing to total relationship marketing and beyond. *Journal of Services Marketing* 31 (1): 16-19. DOI: <https://doi.org/10.1108/JSM-11-2016-0398>
- Hartline, M. and Ferrell, O. 1996. The Management of Customer-Contact Service Employees: An Empirical Investigation", *Journal of Marketing* 60 (4): 52-70. DOI: <https://doi.org/10.1177/002224299606000406>
- Heskett, J.L., Jones, T.O., Loveman G.W., Sasser W.E., J. and Schlesinger L.A. 1994. Putting the service-profit chain to work. *Harvard Business Review* 72 (2): 164-174. <https://hbr.org/2008/07/putting-the-service-profit-chain-to-work>
- Hogreve, J., Iseke, A., Derfuss, K. and Eller, T. 2017. The Service-Profit Chain: A Meta-Analytic Test of a Comprehensive Theoretical Framework. *Journal of Marketing* 81 (3): 41-61. DOI: <https://doi.org/10.1509/jm.15.0395>
- Holbrook, M.B. 1999. Introduction to consumer value. *Consumer Value*. London: Routledge. <https://www.taylorfrancis.com/chapters/edit/10.4324/9780429264337-2/concept-consumer-value-morris-holbrook>

- Hur, W., Moon, T. and Jung, Y. 2015. Customer response to employee emotional labor: the structural relationship between emotional labor, job satisfaction, and customer satisfaction. *Journal of Services Marketing* 29 (1): 71-80. DOI: <https://doi.org/10.1108/JSM-07-2013-0161>
- Khalifa, S.A. 2004. Customer value: a review of recent literature and an integrative configuration. *Management Decision* 42 (5): 645-666. DOI: <https://doi.org/10.1108/00251740410538497>
- Lapierre, J. 2000. Customer-perceived value in industrial contexts. *Journal of Business and Industrial Marketing* 15 (2/3): 122-140. DOI: <https://doi.org/10.1108/08858620010316831>
- Leroi-Werelds, S. 2019. An update on customer value: State of the art, revised typology, and research agenda. *Journal of Service Management* 30 (5): 650-680. DOI: <https://doi.org/10.1108/JOSM-03-2019-0074>
- Leroi-werelds, S., Streukens, S., Brady, M. K., and Swinnen, G. 2014. Assessing the value of commonly used methods for measuring customer value: A multi-setting empirical study. *Journal of the Academy of Marketing Science* 42 (4): 430-451. DOI: <https://doi.org/10.1007/s11747-013-0363-4>
- Lin, C., Sher, P. and Shih, H. 2005. Past progress and future directions in conceptualizing customer perceived value. *International Journal of Service Industry Management* 16 (4): 318-336. DOI: <https://doi.org/10.1108/09564230510613988>
- Locke, E. 1976. The Nature and Causes of Job Satisfaction. *The handbook of industrial and organizational psychology* 31. Chicago, Rand-McNally
- Medberg, G. and Heinonen, K. 2014. Invisible value formation: a netnography in retail banking. *International Journal of Bank Marketing* 32 (6): 590-607. DOI: <https://doi.org/10.1108/IJBM-03-2014-0041>
- Nunnally, J. C. 1978. Psychometric Theory, 2nd Edition ed., New York, McGraw-Hill.
- Palmatier, R. W., Dant, R. P., Grewal, D., & Evans, K. R. (2006). Factors influencing the effectiveness of relationship marketing: A meta-analysis. *Journal of Marketing*, 70(4), 136-153. DOI: <https://doi.org/10.1509/jmkg.70.4.136>
- Pérez, A., and Ignacio Rodríguez, d. B. 2014. Customer CSR expectations in the banking industry. *The International Journal of Bank Marketing* 32 (3): 223-244. DOI: <https://doi.org/10.1108/IJBM-09-2013-0095>
- Ponnam, A. and Paul, R. 2017. Relative importance of service value by customer relationship stages. *International Journal of Bank Marketing* 35 (2): 319-334. DOI: <https://doi.org/10.1108/IJBM-04-2016-0056>
- Ramaswami, S. and Singh, J. 2003. Antecedents and Consequences of Merit Pay Fairness for Industrial Salespeople. *Journal of Marketing* 67 (4): 46-66. DOI: <https://doi.org/10.1509/jmkg.67.4.46.18690>
- Roig, J.C.F., García, J.S. and Tena, M.A.M. 2009. Perceived value and customer loyalty in financial services. *The Service Industries Journal* 29 (6): 775-789. DOI: <https://doi.org/10.1080/02642060902749286>
- Roig, J.C.F., García, J.S., Tena, M.A.M. and Monzonis, J.L. 2006. Customer perceived value in banking services. *International Journal of Bank Marketing* 24 (5): 266-283. DOI: <https://doi.org/10.1108/02652320610681729>
- Roig, J.C.F., Guillén, M.E., Coll, S.F. and Saumell, R.M. 2013. Social value in retail banking. *International Journal of Bank Marketing* 31 (5): 348-367. DOI: <https://doi.org/10.1108/IJBM-02-2013-0013>
- Ruiz, D., Gremler, D., Washburn, J. and Carrión, G. 2008. Service value revisited: Specifying a higher-order, formative measure. *Journal of Business Research* 61 (12): 1278-1291. DOI: <https://doi.org/10.1016/j.jbusres.2008.01.015>
- Salmones, G-D I, M and Pérez, A. 2017. Effectiveness of CSR Advertising: The Role of Reputation, Consumer Attributions, and Emotions. *Corporate Social Responsibility and Environmental Management*. DOI: <https://doi.org/10.1002/csr.1453>
- Sánchez-Fernández, R. and Iniesta-Bonillo, M. 2007. The concept of perceived value: a systematic review of the research. *Marketing Theory* 7 (4): 427-451. DOI: <https://doi.org/10.1177/1470593107083165>
- Sánchez-Fernandez, R., Iniesta-Bonillo, M.A. and Holbrook, M.B. 2009. The conceptualisation and measurement of customer value in services. *International Journal of Market Research* 51 (1): 93-113. DOI: <https://doi.org/10.1177/147078530905100108>
- Sheth, J., Newman, B. and Gross, B. 1991. Why we buy what we buy: A theory of consumption values. *Journal of Business Research* 22 (2): 159-170. DOI: [https://doi.org/10.1016/0148-2963\(91\)90050-8](https://doi.org/10.1016/0148-2963(91)90050-8)
- Smith, J. and Colgate, M. 2007. Customer Value Creation: A Practical Framework. *Journal of Marketing Theory and Practice* 15 (1): 7-23. DOI: <https://doi.org/10.2753/MTP1069-6679150101>

- Snipes, R., Oswald, S., LaTour, M. and Armenakis, A. 2005. The effects of specific job satisfaction facets on customer perceptions of service quality: an employee-level analysis. *Journal of Business Research* 58 (10): 1330-1339. DOI: <https://doi.org/10.1016/j.jbusres.2004.03.007>
- Sweeney, J. and Soutar, G. 2001. Consumer perceived value: The development of a multiple item scale. *Journal of Retailing* 77 (2): 203-220. DOI: [https://doi.org/10.1016/S0022-4359\(01\)00041-0](https://doi.org/10.1016/S0022-4359(01)00041-0)
- Valentine, S., Godkin, L., Fleischman, G., Kidwell, R. and Page, K. 2011. Corporate Ethical Values and Altruism: The Mediating Role of Career Satisfaction. *Journal of Business Ethics* 101 (4): 509-523. DOI: <https://doi.org/10.1007/s10551-011-0739-7>
- Varshneya, G., Das, G. and Khare, A. 2017. Experiential value: a review and future research directions. *Marketing Intelligence and Planning* 35 (3): 339-357. DOI: <https://doi.org/10.1108/MIP-05-2016-0075>
- Vilares, M. J. and Coelho, P. S. 2003. The employee-customer satisfaction chain in the CSI model. *European Journal of Marketing* 37 (11/12): 1703-1722. DOI: <https://doi.org/10.1108/03090560310495429>
- Willems, K., Leroi-Werelds, S. and Swinnen, G. 2016. The impact of customer value types on customer outcomes for different retail formats. *Journal of Service Management* 27 (4): 591-618. DOI: <https://doi.org/10.1108/JOSM-11-2015-0364>
- Yoon, M.H., Beatty, S. E. and Suh, J. 2001. The effect of work climate on critical employee and customer outcomes: An employee-level analysis. *International Journal of Service Industry Management* 12 (5): 500-521. DOI: <https://doi.org/10.1108/EUM000000006095>
- Yoon, M.H., Seo, J.H. and Yoon T.S. 2004. Effects of contact employee supports on critical employee responses and customer service evaluation. *Journal of Services Marketing* 18 (5): 395-412 DOI: <https://doi.org/10.1108/08876040410548311>
- Zeithaml, V. 1988. Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence. *Journal of Marketing* 52 (3): 2-22. DOI: <https://doi.org/10.1177/002224298805200302>